



BURBERRY
ESTABLISHED 1856



2014/2015 Annual Review

TABLE OF CONTENTS

03 Financial Highlights

04 Strategic Report

05 Introduction

06 Chairman's Letter

08 Chief Creative and Chief Executive Officer's Letter

10 Senior Leadership Team

11 Burberry Group Overview

13 Business Model

14 Operating Model

15 Channel Mix

16 Regional Mix

17 Product Mix

19 Market Overview

20 Core Strategies

22 Core Strategies

23 Key Performance Indicators

25 Inspire with the Brand

27 Realise Product Potential

29 Optimise Channels

31 Unlock Market Opportunity

33 Pursue Operational Excellence

35 Build our Culture

37 Burberry Impact

38 Burberry Impact

42 Performance

43 Group Financial Review

49 Board and Governance

50 Board of Directors



2014/2015 Annual Review

FINANCIAL HIGHLIGHTS

Revenue (Year to 31 March)

£2,523M

2015	2,523
2014	2,330
2013	1,999
2012	1,857
2011	1,501

Adjusted profit before tax (Year to 31 March)

£456M

2015	456
2014	461
2013	428
2012	376
2011	298

Adjusted profit before tax is stated before adjusting items.
Reported profit before tax £445m (2014: £444m)

Adjusted diluted EPS (Year to 31 March)

76.9P

2015	76.9
2014	75.4
2013	70.0
2012	61.6
2011	48.9

Adjusted diluted EPS is stated before adjusting items.
Reported diluted EPS 75.1p (2014: 72.1p)

Net cash (As at 31 March)

£552M

2015	552
2014	403
2013	297
2012	338
2011	298

Dividend per share (Year to 31 March)

35.2P

2015	35.2
2014	32.0
2013	29.0
2012	25.0
2011	20.0

Capital expenditure (Year to 31 March)

£156M

2015	156
2014	154
2013	176
2012	153
2011	108

Adjusted profit before tax and adjusted diluted EPS is defined in note 2 of the financial statements.

Introduction

Burberry Group
Overview

Core
Strategies

Burberry
Impact

Performance

Board and
Governance

< **STRATEGIC REPORT** >

05 Introduction

11 Burberry Group Overview

20 Core Strategies

37 Burberry Impact

42 Performance

Strategic Report



INTRODUCTION



06 Chairman's Letter

08 Chief Creative and Chief Executive Officer's Letter

10 Senior Leadership Team

Strategic Report – Introduction

CHAIRMAN'S LETTER

*In the context of a dynamic year, Burberry
delivers a strong performance for 2014/15.*



Sir John Peace
Chairman

I am pleased to report that Burberry has delivered a strong financial performance for 2014/15, with revenue of £2.5bn, up 11% underlying and adjusted profit before tax of £456m, up 7% underlying.

Against a challenging external environment and with rapidly changing consumer behaviour, Burberry has evolved and executed on its key strategies and initiatives. Principal drivers of growth were the Company's continuing investment in retail and digital, as well as the global team's focus on our core products, the British-made Heritage trench coats and cashmere scarves.

Burberry continued to deliver robust growth during the year, reflecting the strength of the brand and its products, underpinned by continued investment in key growth initiatives. These included new stores in flagship markets, digital infrastructure improvements (such as the upgraded mobile site and inventory fulfilment in China), and increased marketing, particularly focused on our flagship stores, iconic products and festive periods.

This Report sets out further detail on the progress made during the year across all our core strategies.

Dividend

The Group ended the year with a £552m cash balance, and the Board has recommended a 10% increase in the full year dividend to 35.2p, a dividend payout ratio of 46% up from 42% last year. Returns to shareholders remain a key priority for the Board and as stated in our Report last year, the aim is to move progressively to a 50% payout ratio over the three years to the 2016/17 financial year.

Strategic Report – Introduction

Management and Board changes

This has been a dynamic year for Burberry with Christopher Bailey's leadership fully embedded and a number of other changes made to the Board as it continues to evolve for the future.

Christopher has set a clear vision for the evolution of the Group's strategic agenda to enable the Company to continue to innovate and move forward to achieve its future ambitions, while continuing to create value for shareholders. In this, he is supported by an excellent senior management team.

During the year, in addition to supporting the management transition, the Board has continued to focus on building on its relevant skills and competencies for the future under its succession plan. The composition of the Board has evolved significantly over the past two years with the appointment of four new non-executive directors, including the appointment of Carolyn McCall and Fabiola Arredondo during the year. These appointments bring important skills and experience to the Board reflecting the Group's strategy.

Shareholder engagement

The Board's dialogue with our shareholders has been a key focus during the year. In particular the Board has been reflecting carefully on the voting results of last year's Annual General Meeting. While we received 84% of votes in favour of the Group's remuneration policy, we were very disappointed that we did not receive majority support for the advisory vote on the Directors' Remuneration Report. Consequently, there has been significant engagement with our shareholders and other stakeholders on remuneration matters, as set out in detail in the Directors' Remuneration Report on pages 81 to 103 of the Annual Report.

Governance and diversity

As Chairman, I am committed to Burberry seeking to operate to the highest standards of corporate governance. An independent evaluation was undertaken of the Board and our Committees during the year. I am pleased to report that the results were positive and confirmed that the Board operates effectively, in an open and collegiate manner.

While all Board appointments are made on merit, the Board believes in the importance of a diverse Board and has always had strong gender diversity among its membership, including at executive level. Female Board members currently comprise 33% of the Board, exceeding the goal of 25% set by Lord Davies in his review of the diversity in Britain's FTSE 100 boardrooms. The Board will continue to monitor diversity and take such steps as it considers appropriate to maintain Burberry's position as a meritocratic and diverse business.

Our new strategy 'Build our Culture' reflects our continuing commitment to building our unique culture and ensuring that our values are reflected in everything we do.

Looking ahead

Looking ahead to 2015/16, with the external environment becoming more uncertain in some markets since the start of the year, Burberry will continue to tightly control costs, invest selectively to drive growth while embedding more productive and efficient processes throughout the business. Key investments will include stores in flagship markets, technology and continued digital enhancements.

Finally, we recognise that our continued success is dependent upon the hard work of our talented global teams and on behalf of the Board I would like to thank them all for their efforts. I would also like to thank our customers, shareholders and others who engage with the brand for their continued support.

*Strategic Report – Introduction***CHIEF CREATIVE AND CHIEF
EXECUTIVE OFFICER'S LETTER**

2014/15 was another successful year for Burberry, as we moved forward into our next chapter and evolved our strategies for a new era.



Christopher Bailey
Chief Creative and Chief Executive Officer

As a 'young, old' company, we have always looked to the past as we have embraced the future. And so this year, perhaps more than any other in recent memory, has also been about going back to our roots, about remembering what made Burberry the company it is today, and celebrating anew the timeless and authentic products that embody our 159-year-old brand.

As we have been writing our next chapter, the world has been changing around us, with macroeconomic uncertainty and rapidly evolving consumer behaviour demanding ever-greater agility and a more dynamic mindset to stay ahead.

Through all this, certain fundamentals have remained constant. Our objective to outperform. Our open and united culture. Our passionate and committed teams. These have been – and remain – critical to our success.

And we are proud of our achievements this past year.

With revenues of £2.5bn, up 11% underlying, and adjusted profit before tax of £456m, up 7% underlying, Burberry delivered a strong financial performance despite some challenging conditions for the luxury sector globally, most notably in Hong Kong. While exchange rate movements negatively impacted reported numbers for the year, the underlying health of the business remained robust and brand momentum continued, underpinned by our ongoing investment in long-term growth initiatives. Highlights included a 9% increase in comparable store sales, reflecting our strategic focus on the retail channel; the sustained outperformance of our digital business; and double-digit growth in the Americas and EMEA regions.

Four themes have shaped this performance, guiding our strategic focus and becoming the touchstones for everything we do.

Our commitment to the principles of Brand First and Famous for Product was vividly expressed during the year in a global celebration of our heritage that emphatically reasserted our identity and our brand.

At its core were the iconic, British-made trench coats and cashmere scarves that represent the heart of our product offer. We took the heritage trench back to its roots with a

Strategic Report – Introduction

radical simplification of styles that reconnected customers to its meaning and purpose, while also bringing the scarf centre stage to launch our first monogramming service online. Every major brand event and initiative over the year restated our pride in the craftsmanship of these products and in our British roots, alongside the passion for music and digital innovation that have become every bit as relevant to our contemporary brand identity. From the introduction of the runway poncho and the launch of My Burberry, to our Festive partnership with Printemps in Paris and a major brand event that brought the streets of London to life in Shanghai, we aimed to make this unique brand signature unmistakable – and unmissable.

The energy with which we pursued our brand and product goals during the year was mirrored by a relentless focus on being Customer-centric – the third of our four guiding themes. The merging of our online and offline worlds remained a hallmark of our efforts here, as we sought to provide outstanding experiences to a luxury customer who is ever more global, and ever more digital. Initiatives including the relaunch of our mobile site and the roll-out of our 'Collect-in-Store' programme resonated strongly, as did the expansion of third-party digital partnerships – giving customers on leading platforms globally a more authentic experience of our brand. And we continued to invest in enhancing our data and insight capabilities, knowing that the key to serving our customers better is understanding them better.

Stores remain a critical part of how customers experience our brand in an omnichannel world, and we continued to refine our physical presence in both retail and wholesale during the year. New openings included a magnificent flagship relocation in Los Angeles on Rodeo Drive, while further investment in Travel Retail reinforced the exciting future potential of this channel for the brand. Meanwhile, in Japan, the outstanding customer response to the global collection in our own retail stores underscored our confidence in the prospects for this market under direct operation, the transition to which we will complete in the coming year.

The final theme shaping our activity has been our commitment to becoming more Productive and Responsible in everything we do.

As we look to build on the investments of recent years to drive enhanced profitability, we are embedding a more productive and efficient mindset throughout the business. While we anticipate gains will build over time, some early

progress in 2014/15 points the way for the future – with an intense focus on retail productivity, greater scrutiny of operating costs and streamlined governance arrangements all bringing benefits during the year. We know we have more to do in this area and are developing plans to realise more improvements over the coming years. Our collective will to make progress is clear.

Alongside this push for greater productivity, we also placed ever-greater emphasis on our drive towards social and environmental responsibility over the year. Highlights included the launch of a sustainable cotton farming initiative in Peru; becoming the first luxury retailer and manufacturer to gain full UK Living Wage accreditation; and the creation of opportunities for the next generation of talent through external partnerships and the work of the Burberry Foundation, which remained the main beneficiary of the 1% of annual profits we donate to charitable causes. And, because we believe that greater shared responsibility towards the communities and environment in which we operate must go hand in hand with a strong sense of individual responsibility to each other, we continued to foster greater connectivity and a 'one team' mentality across Burberry, including moving to a fully open-plan working environment in our London headquarters. Named by LinkedIn as the 36th most in-demand employer globally in 2014, we know how important our unique culture is to attracting and retaining the best talent, and to delivering on our strategic ambitions. Our creation of a new cultural strategy reflects this importance, and it will remain a priority.

We end the year proud of our global teams' achievements in an external environment that presented challenges for the luxury sector as a whole, and aware that experts predict continued volatility into 2015/16 and beyond. In this context we will maintain our focus on the things we can control, staying agile and responsive to change as we target sector outperformance through opportunities across channels, product categories and markets. We have never been clearer as a team about where we need to focus, nor more united in pursuit of our goals.

To conclude, I would like to extend my thanks to the near 11,000-strong Burberry community for their exceptional achievements over the year, and to the external network of partners, customers and shareholders who play such an important part in our success. It is my privilege to be working alongside you at this Company that I love, and of which we are all intensely proud.



Senior Leadership Team pictured left to right:
Paul Price Chief Merchandising Officer
Steve Sacks Chief Customer Officer
Donald Kohler Chief Merchandising Operations Officer
Simona Cattaneo Senior Vice President, Beauty
Fabrizio Fabbro Senior Vice President, Creative Operations
John Smith Chief Operating Officer
Sarah Manley Chief Marketing Officer
Michael Mahony Chief Corporate Affairs Officer and General Counsel
Roberto Canevari Chief Supply Chain Officer

Christopher Bailey Chief Creative and Chief Executive Officer
Greg Stogdon Senior Vice President, Creative Media
Matt McEvoy Chief of Strategy and New Business Development
Luc Goidadin Chief Design Officer
Andrew Maag Chief Executive Officer, EMEA & Americas
Jan Heppel President, Americas
Carol Fairweather Chief Financial Officer
Pascal Perrier Chief Executive Officer, Asia Pacific
Stephen Gilbert Senior Vice President, Architecture

Strategic Report

BURBERRY GROUP OVERVIEW

13 Business Model

14 Operating Model

15 Channel Mix

16 Regional Mix

17 Product Mix

19 Market Overview

Burberry is a global British luxury brand with a heritage of design, innovation and craftsmanship. The following pages set out the Company's business and operating models and information relating to its sales channels, regional presence, products and the external market in which it operates.

Introduction

Burberry Group
Overview

Core
Strategies

Burberry
Impact

Performance

Board and
Governance



Strategic Report – Burberry Group Overview

BUSINESS MODEL: A DISTINCTIVE GLOBAL LUXURY BRAND

Founded in 1856, Burberry is a global luxury brand with a distinctive British identity. Since then, the brand has built a reputation for design, innovation and craftsmanship. With the invention of gabardine by Thomas Burberry more than 130 years ago, outerwear has been at the core of the business and remains so today – best expressed through the iconic Burberry trench coat.

The Company designs, makes, sources and sells products under the Burberry brand. Product design and development are centred in Burberry's London headquarters. Fabrics and other materials are bought from, and finished products manufactured at, both Company-owned facilities in the UK and through an external supplier network, predominantly located in Europe. Creative and marketing content and programmes are developed internally to engage and

connect the brand and its products with consumers. Burberry products are sold globally through its stores and Burberry.com, as well as through third-party wholesale customers, both offline and online. In a few selected areas, Burberry uses the product and distribution expertise of licensing partners to develop the business. These activities are executed by a global team of almost 11,000 employees.

Four key themes underpin the Company's strategic agenda, shaping and connecting its global activities. These key themes are set out below.

Brand first

The business is led by the brand, with decisions taken in its best long-term interests.

- Authentic British heritage with rich cultural and historical associations.
- Craftsmanship, innovation, design and creativity are key characteristics.
- Broad global appeal across genders and generations.
- Global engagement driven by innovative creative content and experiences, supported by digital, social and traditional media.

Customer-centric

The customer is central to the Company's activities. Burberry aims to be sector-leading in understanding, engaging and serving its customers, both online and offline.

- A culture of continuous improvement in the design and execution of customer-facing initiatives and services.
- Online and in-store innovations which work together to create a seamless experience wherever customers encounter the brand.

Famous for product

Burberry is committed to the creation of authentic and distinctive products and continuous innovation in design and manufacturing.

- Globally recognised iconic products, including the British-made Heritage trench coat and cashmere scarf.
- Product divisions are Womens, Mens and Childrens apparel, Accessories, and Beauty (which includes fragrance and make-up).

Productive and responsible

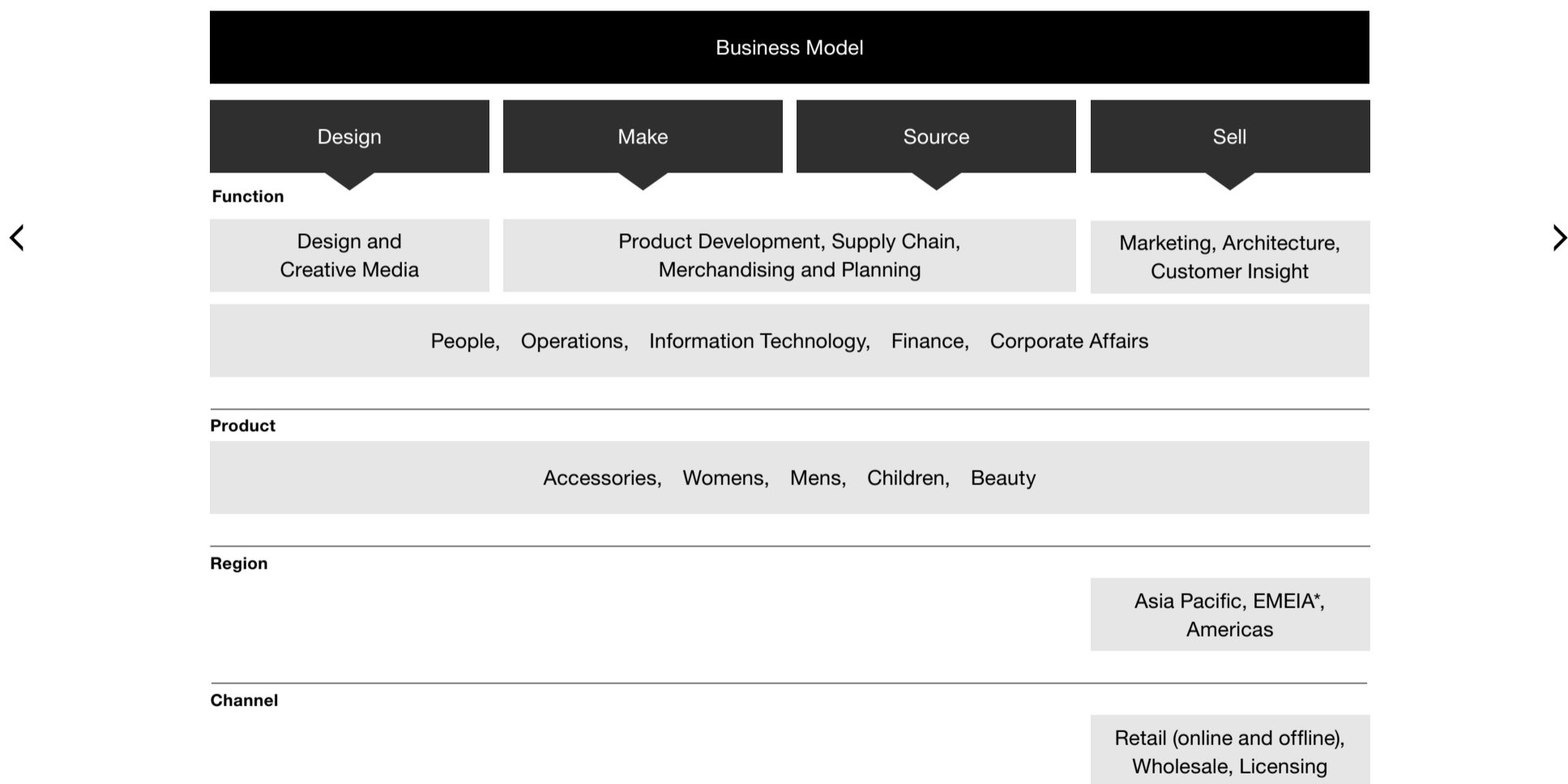
More productive and efficient ways of working are a priority across the organisation, together with ensuring a culture of responsibility.

- Committed to sustainable business practices.
- Driving efficiency and productivity across the organisation through the effective use of technology and resources.
- A team-orientated approach, empowering a highly connected organisation.

Strategic Report – Burberry Group Overview

OPERATING MODEL

The business is structured by channel, region and product division, supported by corporate functions.



* Europe, Middle East, India and Africa.

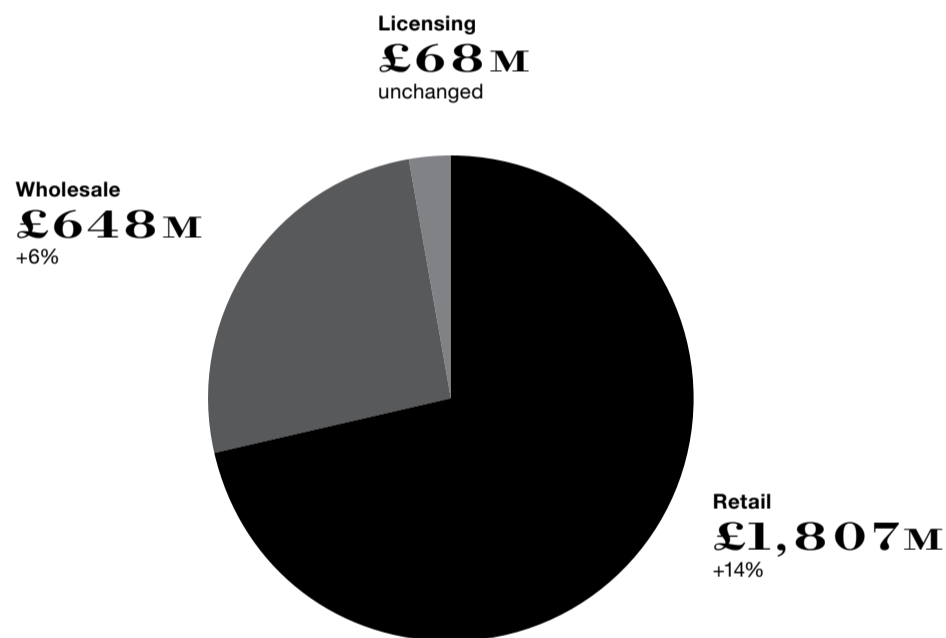
Strategic Report – Burberry Group Overview

CHANNEL MIX

Burberry sells its products through retail (online and offline) and wholesale channels. For 2014/15, retail accounted for 71% of revenue and wholesale 26%. Burberry also has licensing agreements globally, leveraging the local and technical expertise of its licence partners.

Revenue by channel

Growth is presented underlying and is calculated at constant exchange rates



Retail

Includes 214 mainline stores, 213 concessions within department stores, digital commerce and 57 outlets

- 14% underlying growth
- 9% comparable sales growth
- 16 mainline store openings, including Los Angeles and Osaka flagships and seven airport stores

Wholesale

Includes sales to department stores, multi-brand specialty accounts, travel retail and franchisees who operate 67 Burberry stores, and Beauty to around 80 distributors globally

- 6% underlying growth (1% excluding Beauty)
- Beauty wholesale revenue of £175m, up 25% underlying

Licensing

Includes income from Burberry’s licensees, approximately 80% from Japan with the balance from global product licences (eyewear and watches) and the European wholesale childrens licence

- Unchanged revenue underlying
- £53m of royalty income from Japan in last full year of operation
- Global product licences (watches and eyewear) broadly unchanged underlying

The Japan licence will expire during 2015/16. For information on plans for Burberry in Japan see ‘Unlock Market Opportunity’ on page 31.

Strategic Report – Burberry Group Overview

REGIONAL MIX

Burberry operates in three regions. For 2014/15, Asia Pacific represented 38% of retail/wholesale revenue, Europe, Middle East, India and Africa (EMEA) 35% and Americas 27%.

Retail/wholesale revenue by destination

Growth is presented underlying and is calculated at constant exchange rates



Americas

- 16% underlying growth
- Retail accounted for about 65% of revenue
- Double-digit comparable sales growth
- Digital penetration in the USA more than twice the global average

EMEA

- 12% underlying growth
- Retail accounted for over 65% of revenue
- Double-digit comparable sales growth
- About half of mainline sales were made to travelling luxury customers

Asia Pacific

- 9% underlying growth
- Retail accounted for over 85% of revenue
- Mid single-digit comparable sales growth
- Hong Kong impacted by a significant decline in footfall in the second half

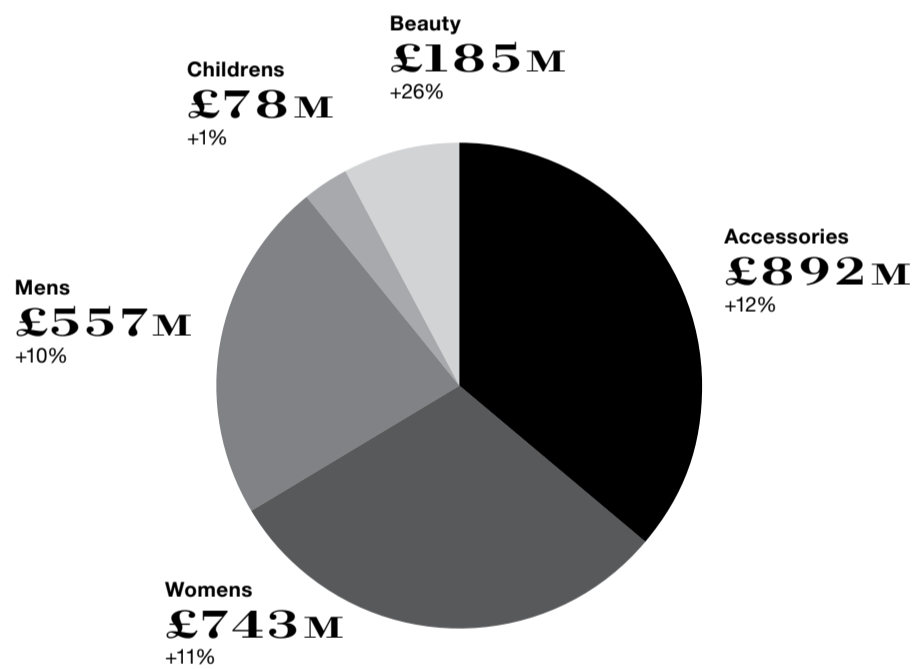
Strategic Report – Burberry Group Overview

PRODUCT MIX

Burberry has a diversified product offering across apparel, accessories and beauty. For 2014/15, accessories represented 36% of retail/wholesale revenue, womens 30%, mens 23%, childrens 3% and Beauty 8%.

Retail/wholesale revenue by product

Growth is presented underlying and is calculated at constant exchange rates



Accessories

- 12% underlying growth
- Heritage scarves and runway-inspired ponchos outperformed
- Mens represented about 20% of total accessories sales

Womens

- 11% underlying growth
- Heritage trench coats drove growth
- Strong performance from dresses, an underpenetrated category

Mens

- 10% underlying growth
- Heritage trench coats drove growth
- Strong performance from tailoring
- Further rationalisation in USA wholesale; good growth in retail

Childrens

- 1% underlying growth
- Growth driven by wholesale, as optimise presence in retail

Beauty

- 26% underlying growth
- Underpinned by successful launch of My Burberry fragrance
- Opened second standalone Burberry Beauty Box globally, in Seoul

Introduction

Burberry Group
Overview

Core
Strategies

Burberry
Impact

Performance

Board and
Governance



Strategic Report – Burberry Group Overview

MARKET OVERVIEW

Macroeconomic environment

Growth during 2014 was weaker than analysts expected, with the global economy growing 3.4%, in line with 2013. The year was marked by geopolitical concerns over Russia and the Middle East and renewed anxiety over the future of the Eurozone. Across the world, inflation remained low, driven by an oil price that more than halved over the course of the year. Among major economies, the USA rebounded after a slow start. Annual GDP in the USA grew to 2.4% with consumer confidence rising, helped by strong employment growth and the drop in energy prices. In Asia, China's economy grew by 7.4%, a slight deceleration on 7.8% in 2013 as property prices and fixed investment slowed. Following a strong 2013, the Japanese economy fell back into recession in the second quarter, with consumer consumption severely impacted by the sales tax increase. The Eurozone area returned to growth despite increasing political uncertainty across the region. An acceleration from Europe's largest economy, Germany, from 0.2% to 1.5% over the year offset flat growth in France and ongoing recession in Italy. Across key developing luxury markets growth was weak, most notably in Russia and Brazil.

Luxury sector*

Markets

Against this difficult global backdrop, analysts estimate that luxury sector sales growth at retail value slowed slightly to 2% in 2014, following growth of 3% in 2013. At constant exchange rates, the sector grew at closer to 5%, a slight slowdown on the previous year. As with the wider economy, the key driver of overall sector growth during the year was the USA, where the luxury market grew at 6% at constant exchange rates, from 9% in 2013. Local luxury consumption continued to strengthen, while tourists, most notably from China, were becoming an increasingly important growth driver. Hong Kong, one of the world's largest luxury markets, was severely impacted by the disruptions in the latter part of 2014, which affected retail sales and Chinese tourist flows. Mainland China[†] luxury sales contracted in real terms, as government policies on gift giving continued to impact demand. Despite the slowdown in mainland China, the travelling Chinese consumer continued to drive luxury growth in other regions, particularly to the rest of Asia and Europe.

Europe remained a more challenging luxury market, growing 2% at constant exchange rates, compared with 4% in 2013. Tourist spend, a fundamental driver of sales in the region, slowed across most nationalities, particularly in relation to Russian and Japanese consumers. Despite the wider economic difficulties in the country, Japan was

the best performing luxury market in real terms, with 10% growth. Local consumption helped to maintain momentum despite price increases, while increasing Chinese tourist flows also helped support growth. South Korea also benefited from increasing Chinese tourist travel flows to the country, with growth of 4% at constant exchange rates.

Channels

Globally, digital commerce continued to increase in importance, growing 30% in the year at constant exchange rates. While this channel was dominated by the USA, the fastest growth rates were in Asia. Key structural changes in digital commerce included mobile which was gaining market share and shortened delivery times which were creating competition with physical stores. The growth of digital, both for sales and communication, had encouraged brands to increase their focus on their 'omni-channel' presence. Airports were becoming an increasingly important luxury sales channel, growing 10% in the year and accounting for 5% of the luxury market globally. While this channel had always been key for fragrance and make-up sales, improving infrastructure and the growth of global travel had increasingly led luxury brands to expand their product offering to include apparel and accessories. Retail remains the main growth driver for the industry, helping to offset ongoing rationalisation across the wholesale channel.

Products

Considering demand across product categories, accessories continued to outperform, growing at 4%, with strong momentum from men's accessories. Within apparel, womens grew ahead of mens, which was impacted by slowing mens sales among Chinese consumers.

Outlook

Industry analysts forecast that the luxury sector will grow by low to mid-single digits in the medium term at constant exchange rates, driven by American and Chinese consumers, although the growth of domestic consumption in China is expected to decelerate. The outlook in Hong Kong remains uncertain. Long-term growth is supported by favourable demographics, particularly the expansion of the consuming classes in emerging markets and increasing urbanisation. It is also supported by the expected continuation of favourable socio-economic trends including the growth of global travel and increasing digitisation.

Note:

References are to calendar years, unless otherwise stated.

* Bain & Company and Fondazione Altagamma 2014 Luxury Goods Worldwide Market Report (October 2014).

† Mainland China excludes Hong Kong, Taiwan and Macau.

*Strategic Report***CORE STRATEGIES**

22 Core Strategies

23 Key Performance Indicators

25 Inspire with the Brand

27 Realise Product Potential

29 Optimise Channels

31 Unlock Market Opportunity

33 Pursue Operational Excellence

35 Build our Culture

Burberry has focused on consistently delivering against its strategies. During the year, these strategies have evolved to more accurately reflect the current shape of the business and the scope of the Company's future ambitions, and are set out on the following pages.

[Introduction](#)

[Burberry Group
Overview](#)

[Core
Strategies](#)

[Burberry
Impact](#)

[Performance](#)

[Board and
Governance](#)



*Strategic Report – Core Strategies***CORE STRATEGIES**

Burberry has focused on consistently delivering against its strategies, which have underpinned its growth. During the year, Burberry evolved its core strategies to more accurately reflect the current shape of the business and the scope of its future ambitions.

The five core strategies have evolved as set out below. The new sixth strategy, 'Build our Culture' has been added to recognise the importance of Burberry's culture and values, and how these are critical to its overall success.

**'Leverage the Franchise'
becomes 'Inspire with the Brand'**

To express more clearly the Company's focus on ensuring Burberry speaks to consumers with one equally inspiring and authentic brand voice, wherever they encounter the brand.

**'Intensify Accessories'
becomes 'Realise Product Potential'**

To reflect the more balanced product mix and growth opportunities across all Burberry product categories.

**'Accelerate Retail-led Growth'
becomes 'Optimise Channels'**

To recognise the successful evolution of the Company's operating model towards the retail channel and an enhanced focus on optimising all routes to market whether directly operated or third party, both online and offline.

**'Invest in Underpenetrated Markets'
becomes 'Unlock Market Opportunity'**

To encompass opportunities to evolve and elevate the Company's footprint in both developed and younger markets.

'Pursue Operational Excellence'

To expand the historical focus on operations to encompass efforts to drive enhanced efficiency and productivity across all business areas.

'Build our Culture'

A new strategy to reflect Burberry's continued commitment to building its unique culture, ensuring its values are reflected in everything it does.

The following pages set out the Company's key activities throughout the year in executing these core strategies, and how it measures its performance using key performance indicators. As the Company's strategies have evolved, these measures have also been reviewed and refined.

Strategic Report – Core Strategies

KEY PERFORMANCE INDICATORS

The Company assesses its performance against a wide range of measures. These key performance indicators (KPIs) help management measure progress against the Company's core strategies. As Burberry has evolved its core strategies, it has reviewed its KPIs.

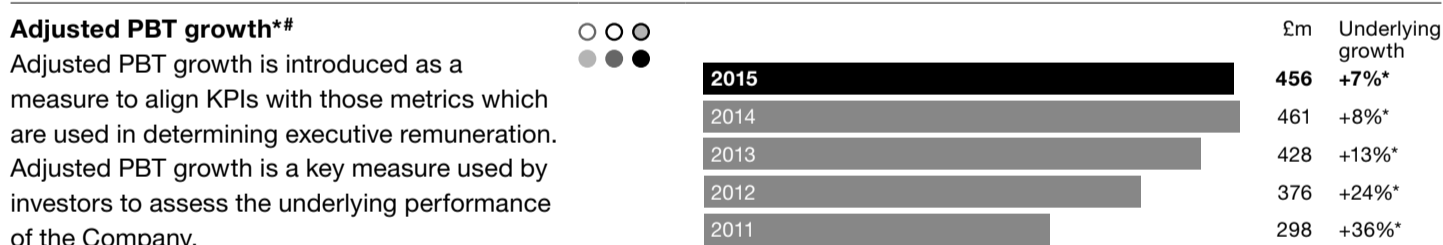
Financial measures

The Board believes it is important to ensure alignment between executive management's strategic focus and the long-term interests of shareholders. Certain elements of executive remuneration are based on performance against the following measures, which are linked to core strategies as shown. For details of the Group's remuneration policy, see pages 83 to 103 of the Annual Report.



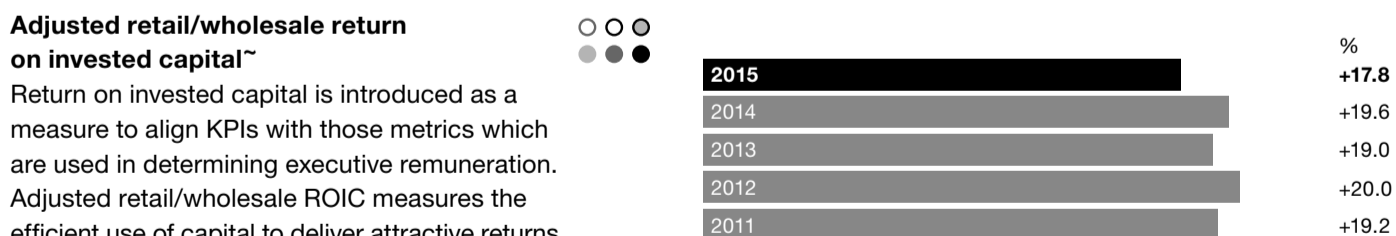
Performance

Revenue in FY 2015 grew by 11% at constant exchange rates, led by 14% growth in retail. Wholesale grew by 6% while Licensing was unchanged, both in line with guidance.



Performance

Adjusted PBT in FY 2015 reached £456m, after a foreign exchange impact of £38m, giving 7% growth at constant exchange rates. Growth at constant exchange rates was 8% for Retail/Wholesale, and 1% for Licensing.



Performance

Retail/wholesale return on invested capital in FY 2015 was 17.8%, impacted by adverse exchange rate movements and ongoing investment in the business including the evolution of the retail store portfolio.

Core strategies

- Inspire with the Brand
- Realise Product Potential
- Optimise Channels
- Unlock Market Opportunity
- Pursue Operational Excellence
- Build our Culture

*Strategic Report – Core Strategies***INSPIRE WITH
THE BRAND**

Speak to consumers with one equally authentic and inspiring brand voice, wherever they encounter the brand.

As a ‘young, old’ company Burberry has always looked to the past while embracing innovation, celebrating anew the timeless and authentic products that embody the brand. This way of thinking underpins how Burberry connects with its customers globally, whether through its runway shows, marketing innovations, campaign talent or music, using digital and customer insight to enhance customer experiences.

During the year, this spirit was embodied by the Heritage campaign which continued to elevate Burberry’s British-made iconic products, the Heritage trench coat and cashmere scarf.

Key focus areas during 2014/15:

Runway shows

The runway shows take place four times a year in London and are streamed live globally, connecting audiences ever closer to the brand. Burberry explored new ways to enhance the experience through innovative collaborations.

- A new YouTube functionality at the S/S15 Womenswear show enabled audiences to move across multiple interlinking videos and pieces of content.
- Burberry partnered with LINE offering Japanese users access to the first-ever live stream on the platform, which allowed them to watch Burberry’s A/W15 Womenswear runway show in real time.
- Burberry also partnered with Twitter to offer users the chance to capture pictures of the A/W15 Womenswear show, live from the runway, from anywhere in the world through Tweetcam.
- Music remained central to the expression of the brand, with live performances at Burberry shows by British talent, including artists featured on the Burberry Acoustic online platform. The live tracks from the runway shows are available to download on iTunes.

- Beauty, the Group’s fifth product division, was an integral feature of the Womenswear shows with the introduction of exclusive runway looks and the latest nail collections available immediately following the show through the ‘Runway Made To Order’ service. This was evolved at the S/S15 show where Burberry was the first brand to sell Beauty products to consumers in the USA via Twitter’s ‘Buy Now’ functionality.

Flagship markets

Burberry opened several new stores in flagship markets in the year, accompanied by city-wide events and extensive marketing and social media campaigns.

- The Shanghai flagship opening was marked by the ‘Dreams of London’ celebration, bringing the creativity and heritage of the brand from London to Shanghai. Burberry partnered with WeChat to allow followers globally to enhance their experience of the event through their mobile devices. Media and online activity around the event drove brand awareness and engagement both in the region and globally.
- Burberry celebrated the opening of its new Los Angeles flagship on Rodeo Drive with the highlight being the ‘London in Los Angeles’ event at the iconic Griffith Observatory. Burberry launched on Snapchat as part of this event, and used the new live streaming service Periscope to offer the first ever ‘red carpet to runway’ stream on the platform. A series of other activities in the city showcased the brand and Los Angeles including ‘Art of the Trench in Los Angeles’, Burberry’s social platform celebrating the trench coat, and an exclusive limited edition product collection.
- Further progress was made with the Company’s plans to transform its operations in Japan, including the opening of directly operated stores offering the global collection.
- In December, Burberry celebrated the opening of the new standalone Beauty store in Seoul, South Korea. Its first in Asia, the store is inspired by the first Burberry Beauty Box in Covent Garden, London, bringing together fashion, accessories and Beauty in a retail environment.

Strategic Report – Core Strategies

Marketing innovation

To engage consumers with the brand, Burberry developed increasingly personalised and connected experiences across consumer touchpoints. Burberry again finished the year as one of the most followed luxury brands on social media, including over 16 million fans on Facebook, over three million on Twitter and over two million on Instagram.

'Heritage' was a key theme developed throughout the year to celebrate Burberry's relaunch of its iconic British-made trench coats and scarves, as well as a focus on personalisation.

My Burberry/Heritage

- My Burberry, the new fragrance for women, was introduced in September and was synchronised with the Heritage relaunch. The campaign featured iconic British models Kate Moss and Cara Delevingne wearing Burberry Heritage trench coats.
- As part of the focus on personalisation, a new monogramming service for My Burberry bottles was introduced on Burberry.com and in selected retail and wholesale stores. Customers were also able to interact digitally with the campaign on billboards at selected sites from London to New York and across social media platforms.

Festive

- Burberry launched its global festive campaign 'From London with Love', featuring a film with Romeo Beckham. The film resulted in record engagement levels for the brand across traditional and social media, with five million views across Facebook and YouTube at the end of the first week of launch and over nine million views on these platforms by Christmas 2014. The global campaign was also viewed worldwide across outdoor advertising, cinema, and on Burberry's ten social media platforms.

- Key partnerships also helped to strengthen the brand's presence in flagship markets. Burberry was the first British luxury brand to partner with the French department store Printemps for its festive celebrations, taking over the atrium, windows and façade of its Paris flagship store with interactive displays and offering exclusive limited edition products.

External recognition

Burberry continued to be recognised externally for both its creative and commercial leadership.

- 400 global magazine covers.
- Christopher Bailey was awarded 'Designer Of The Year' at the British GQ 'Men Of The Year Awards'.
- Listed in Interbrand 'Top 100 Global Brands' for the sixth consecutive year.
- Recognised by Fast Company as the seventh most innovative brand in retail.
- Burberry was ranked the sixth most powerful brand globally in the annual 'Global 500' report published by Brand Finance.

*Strategic Report – Core Strategies***REALISE PRODUCT
POTENTIAL**

Reinforce the Company's outerwear leadership while continuing to realise the brand's potential across all apparel and accessory categories.

Burberry's focused attention on accessories in recent years has contributed to the growth of this product category, which will remain an important future growth driver. The Company will also focus on underdeveloped product categories, maximising opportunities in all mens product categories and the further development of Beauty.

During the year, Burberry continued to lead in outerwear with strong customer demand for Heritage trench coats and scarves following the Heritage relaunch. Burberry also reinforced its dominant position in soft accessories such as scarves, and continued to develop bags and small leather goods. Combined, mainline sales of outerwear and soft accessories grew by nearly 20% in the year.

Key focus areas during 2014/15:

Heritage

- The relaunch of Burberry's British-made Heritage trench coats and scarves included a simplified assortment of coats, with standardised fits, colours and elevated features, while monogramming was introduced for cashmere scarves. The roll-out to over 300 stores was supported by sales associate training. Heritage trench coats and scarves featured across key brand and marketing activities.

Mens

- Mens, an underpenetrated product category, increased sales by 10% underlying. Retail significantly outperformed wholesale, where repositioning continued in the USA in particular. Mainline retail sales were driven by outerwear, supported by core replenishment styles and tailoring.

Accessories

- Heritage scarves drove growth in mens and womens accessories. The introduction of monogramming online for scarves attracted a very strong customer response. The monogrammed poncho, which featured in the A/W14 Womenswear show finale, also generated strong consumer and media interest.
- Growth in womens large leather goods was supported by an increased focus on key shapes and success in signature grain leather bags.

Beauty

- The linkage between Beauty and fashion continued to drive the vision for the Beauty business and was a key differentiator for the brand. Beauty delivered 26% underlying growth in the year. Growth in fragrance (over 95% of Beauty revenue) was underpinned by the successful launch of My Burberry, product extensions around Brit Rhythm and a strong operational supply chain.
- The launch of My Burberry, inspired by the trench coat, supported the Heritage relaunch and the personalisation theme including the monogramming offer. The fragrance launch was Burberry's most successful to date.
- Burberry continued its development of make-up as it expanded its product portfolio. The new 'Eye Statement' and 'Fresh Glow BB Cream' ranges were launched alongside the core campaigns which featured key looks and products.
- My Burberry was recognised externally with leading industry awards including the 'Prix D'Or' at the FiFi Awards, and 'Prix International du Parfum' in Marie Claire.

Introduction

Burberry Group
Overview

Core
Strategies

Burberry
Impact

Performance

Board and
Governance



Strategic Report – Core Strategies

OPTIMISE CHANNELS

Optimise all routes to market, both online and offline, owned and third-party, with a clear emphasis on enhancing retail productivity and service.

Burberry has been successful in shifting its operating model towards the retail channel. As a result the Company has broadened its focus on improving and optimising all routes to market.

During the year this included the elevation of wholesale and third-party digital relationships as well as initiatives to enhance retail productivity. Retail sales grew by 14% underlying during the year, to reach 71% of Group revenue (up from 70% in 2013/14).

Key focus areas during 2014/15:

Blurring physical and digital experiences

As luxury consumers become increasingly mobile and global, Burberry continued to invest in digital commerce. Online and in-store innovations worked together to create a seamless experience wherever customers encountered the brand.

- Burberry.com was the brand's largest store in terms of traffic and sales, servicing 44 countries in 11 languages.
- To further improve the user experience, Burberry enhanced its mobile site and invested in search engine and browser optimisation, data analytics, customer management tools and delivery options.
- The roll-out of Collect-in-Store continued and was available in around 200 stores worldwide across 24 countries, including China and Japan. This accounted for over 20% of digital revenue.

Focused store investment

Burberry focused on strengthening the Group's store network through openings in key locations, and the optimisation of the existing portfolio through relocations, renovations and some closures.

- Burberry opened 16 mainline stores and closed 17 during the year, bringing the total number of stores to 214 globally at the year end. Over half of the store openings were in flagship markets, including Los Angeles and Tokyo, with seven airport stores, predominantly in Europe, capitalising on the opportunities in travel retail.

- 12 concessions were opened during the year, including in Japan and the Middle East. Twenty-six concessions were closed, reflecting the further planned elevation of the portfolio in China and other parts of Asia Pacific, including South Korea.

Driving retail productivity

With the customer at the centre of all activities, Burberry focused on improving sales productivity online and in stores. Comparable sales growth was 9%, as product and customer service initiatives drove average selling price and conversion, against ongoing weakness in consumer traffic in store.

- Burberry continued to invest in customer insight and analytics to better understand the core luxury consumer, helping to drive improved service and retail productivity.
- Burberry introduced its customer value management programme (CVM), a loyalty and retention tool used globally to serve customers better. The programme had been successfully rolled out to over 300 stores worldwide.
- Ongoing investments were made in sales associate and store manager training, along with service initiatives such as the Burberry Private Clients and Customer 1-2-1 programmes.
- Merchandising activities were refined to provide customers with a clearer and more compelling product assortment offering.

Third-party digital partnerships

To complement Burberry.com, Burberry partnered with third-party digital retailers including existing wholesale partners as well as Amazon and Tmall, to provide an authentic, consistent brand experience and to enable Burberry products to reach a wider customer audience.

- Burberry was one of the first brands to launch a dedicated fragrance presence on Amazon's luxury beauty online store in the US, which was later rolled out in the UK, France and Germany.
- Burberry launched dedicated online stores on Tmall.com in China and SSG.com in South Korea.

Introduction

Burberry Group
Overview

Core
Strategies

Burberry
Impact

Performance

Board and
Governance



Strategic Report – Core Strategies

UNLOCK MARKET OPPORTUNITY

*Fully realise Burberry's opportunities among key consumer groups
and geographic markets – developed, young and newly opened.*

Burberry aims to further evolve its footprint and positioning in both developed and younger markets. Future opportunities for the brand in China and Japan are an important part of this, along with other areas of geographic focus including the travel strategy and continued elevation of the business in the USA.

Key focus areas during 2014/15:

Engaging the Chinese luxury consumer

Burberry continued to focus on improving engagement with, and enhancing the service offering to, the Chinese luxury consumer both while shopping in China and abroad. Burberry achieved double-digit percentage revenue growth from the Chinese customer globally in retail, although this slowed somewhat during the second half of the year. In Hong Kong there was a decrease in spend from Chinese customers during the second half of the year, reflecting disruption in this high margin market.

- Burberry continued to evolve and elevate its store portfolio in China. Closing a net of 10 stores in the year, the portfolio currently consists of 68 stores. A further five net closures and a small reduction in average selling space were planned for 2015/16.
- Brand engagement included the 'Dreams of London' event in Shanghai, which celebrated the opening of its largest store in Asia in Shanghai's Kerry Centre, and an 'Art of the Trench' event in Hong Kong.
- To coincide with the key festivals of Lunar New Year and Golden Week, Burberry launched festive campaigns, including an exclusive edit of the film 'From London with Love' and bespoke product assortments in China, key tourist destinations around the world, and on Burberry.com.
- Collect-in-Store was rolled out to selected stores in China and delivery times for orders made on Burberry.com were reduced significantly to further enhance the service offering to consumers in that market.

Transforming Japan

With the Japan licences expiring in 2015, further progress was made on plans to expand the brand's presence and to introduce Burberry's global luxury collection in this key luxury market through directly operated stores, concessions and digital, supported by marketing

campaigns to engage the luxury Japanese consumer. Comparable sales growth of around 30% during the year demonstrated the appeal of the global brand to the Japanese luxury customer.

- Burberry opened a flagship store in Osaka, three concessions in leading department stores, and relocated its store in Omotesando, Tokyo. Burberry now has five mainline stores and 13 concessions in Japan. Further mainline store and concession openings are planned for the coming year as the Company continues to build direct operations. However, the timing and availability of brand and commercially appropriate retail space is likely to impact the Company's targets for 2016/17.
- Burberry partnered with LINE, Japan's leading social platform to share the brand with a wider audience in Japan, offering Japanese subscribers access to the first live stream of a fashion show on the platform.

Elevating Americas presence

The Americas remained a key focus area for Burberry as it continued to strengthen and elevate the brand in both its retail and wholesale channels in this attractive luxury market. Revenue in the Americas grew by 16% underlying during the year.

- Burberry opened its Los Angeles flagship and Miami Design District stores, and renovated Post Street, San Francisco.

Advancing travel retail

With the increasing importance of the travelling luxury consumer, Burberry intensified its focus on the high-growth travel retail channel.

- Burberry continued to expand its travel retail footprint. Key airport openings during the year included Hong Kong, Heathrow Terminals 5 and 2, Rome, Milan-Malpensa, Barcelona and Madrid.
- Marketing initiatives targeted travelling luxury consumers before their journey, during travel and at destination, with events in key transport hubs and global tourist destinations.

Building young markets

Burberry continued to build its presence in early stage growth markets.

- Burberry opened five new franchise stores including in Turkey, Panama and Aruba, and launched Burberry.com in Russia.



Strategic Report – Core Strategies

PURSUE OPERATIONAL EXCELLENCE

Drive greater efficiency and productivity throughout the business.

Burberry's productivity agenda includes opportunities in retail, products and processes. This will be the subject of intense focus for the next phase of Burberry's growth, as the Company leverages the investments made in recent years.

Key focus areas during 2014/15:

Supply chain

Key investments made in product engineering, and sustainable manufacturing continued to drive greater end-to-end control of the Burberry supply chain.

- During the second half of the year, the Company tested a new inventory approach in China by allowing the digital operation to draw on both the local distribution centre and store data to create a virtual single pool of inventory in the country. This provided customers and store associates with full visibility of all stock within the country, improved product availability online and in-store, and meaningfully reduced delivery times, enhancing the customer shopping experience. This model of integrating online and offline inventory was planned to be implemented within both the UK and USA in the coming year.
- Burberry further evolved its sourcing model to a more collaborative and sustainable manufacturing approach, focusing on key strategic raw material and finished goods partners.

Ongoing investment

Burberry continued to invest in technology to support the Company's digital strategy, growth ambitions and to improve operational efficiencies.

- During the year Burberry initiated a project to upgrade the Company's core IT systems, based around SAP which was first introduced into the business in 2007.

Planning

Burberry evolved its inventory management and commercial analysis processes to optimise retail execution.

- Global product buying and allocation activities were further refined with the roll-out of a store profiling initiative. This initiative allowed for a better alignment between product assortments and the particular store characteristics (such as local climate) and customer profile, to deliver a more customer-centric product range by store.
- The 'Brand Buy' was further evolved, which aimed to bring greater product consistency across Burberry's retail stores based on key design inspiration, optimising product assortments and core product replenishment.

Process investments

Burberry continued to invest in its head office and back-office functions to drive efficiencies.

- There was an ongoing focus on the commercial procurement process to drive further efficiencies and cost savings.



*Strategic Report – Core Strategies***BUILD OUR
CULTURE**

Through the creation of this new strategy, Burberry is focusing on building its culture and ensuring its values are embedded globally.

The evolution of Burberry's core business strategies and the success with which they are delivered are inextricably linked to Burberry's continued commitment to building its unique culture.

Key activities during 2014/15 included:

Employee engagement

Cultural initiatives evolved to build stronger connections between global teams, drive closer engagement with the brand, and to support the general well-being of employees.

Connecting teams

Burberry reinforced its connected culture through open and transparent communication.

- A fully open-plan environment was introduced at the London headquarters and was being rolled out globally to encourage greater mobility and collaboration.
- 'Chat Live' global video broadcasts were launched on the Company's internal communications platform. Hosted by Christopher Bailey, together with teams leading key initiatives, the updates enabled real-time communication through an interactive question and answer format.
- Ways of working and communication with internal manufacturing and retail teams were enhanced to further connect employees and improve productivity.

Rewarding talent

Burberry fostered a culture of recognition to support the attraction, motivation and retention of employees.

- Enhancements to the Burberry Long Service Awards were made which included benefits such as additional annual leave.
- Seasonal programmes continued to offer enhanced employee benefits.
- Burberry's All Employee Freeshare Plan was extended to 34 countries, enabling all employees to share in the ongoing success of the business. All employees were also eligible for a bonus or incentive scheme.

Nurturing talent

Burberry was committed to identifying, developing and retaining high-potential talent.

- Over 50 employees took part in the Leadership Council during the year, providing them with leadership training, senior executive mentoring and international networking opportunities.
- Burberry continued to support emerging creative talent, including through the Burberry Design Scholarship at the Royal College of Art and an apprenticeship programme at the British Fashion Council.
- Over 200 placements were offered globally, including apprenticeships, short-term work experience and long-term internships.
- At the end of October, Burberry was listed by LinkedIn as the 36th most sought-after employer globally, and tenth in the UK.

Strategic Report – Core Strategies

Social responsibility

Burberry believes that it is important to be a socially responsible business, including by supporting diversity and equal opportunities in the workplace, promoting fair and sustainable employment practices internally and across its supply chain and investing in the communities where its employees live and work.

- With employees in 34 countries, representing over 100 different nationalities and covering an age span of between 16 to 78 years, the Company remained committed to supporting diversity and equal opportunities. As at 31 March 2015, of a global employee population of 10,851, approximately 69% (7,457) were female and 31% (3,394) male, with women occupying 46 (37%) of the 123 senior management roles.
- Consistent with efforts to promote fair and sustainable employment practices, Burberry was proud to have become the first luxury retailer and manufacturer to achieve accreditation as a UK Living Wage employer.
- Burberry continued to encourage employees to dedicate their time, skills and passion during working hours to impactful community projects. Activities included career inspiration events, employability workshops and community revitalisation projects. In total, this year 2,300 employees in 82 cities dedicated almost 10,000 hours.
- Burberry continued to donate 1% of Group adjusted profit before tax to charitable causes around the world, totalling £4.6m in the year (2013/14: £4.6m), with the majority going to the Burberry Foundation (UK registered charity number 1154468), created to help young people realise their full potential. Since its launch in 2008, the Foundation has supported over 40 innovative youth charities around the world, directly and indirectly impacting the lives of over 150,000 young people.

- The Foundation continued to expand its bespoke employability programme during the year, designed to help disadvantaged young people develop key workplace skills, confidence and aspirations. Over 100 young people participated in London, Castleford, New York, Hong Kong, Shanghai, Beijing, Chengdu, Guangzhou, Tianjin and Nanjing.
- Burberry focused on ensuring that its supply chain is sustainable and responsible. The Ethical Trading Programme, explained further in the Burberry Impact section, continued to support labour rights in the supply chain.

Environmental responsibility

Burberry remains committed to minimising its environmental impacts. Burberry has set a number of targets to achieve this, which are outlined in more detail in the Burberry Impact section and online at www.burberryplc.com.

Strategic Report

**BURBERRY
IMPACT**



38 Burberry Impact

Burberry's 'Build our Culture' strategy includes commitments to be a socially responsible business and to drive positive environmental and social change. This is underpinned by a programme of activities set out on the following pages.

Strategic Report – Burberry Impact

BURBERRY IMPACT

Burberry Impact is the Company’s programme of activities that underpins its commitment to drive positive environmental and social change globally.

The Burberry Impact programme includes commitments that have been developed in partnership with the organisation Forum for the Future and the tripartite Ethical Trading Initiative and are informed by baseline assessments. The programme is supported and monitored internally by a number of Committees including the Responsibility Working Group, which is chaired by the Chief Corporate Affairs Officer and includes senior executives representing key business operations, and is supported externally by the Burberry Impact Advisory Committee, which comprises external expert stakeholders.

Burberry also endeavours to achieve sustainable change by collaborating with its peers in the luxury goods industry and with other stakeholders, including the UN Global Compact, through its membership of the Ethical Trading Initiative and the Sustainable Apparel Coalition.

Ethical trading

Burberry is committed to making meaningful and long-lasting improvements to workers’ employment and workplace conditions to achieve both operational excellence and a sustainable and responsible supply chain. This commitment is underpinned by Burberry’s Ethical Trading Policy, which includes the Burberry Code of Conduct and the Human Rights, Migrant Worker and Homeworker Policy. The Ethical Trading Policy is in alignment with the United Nations Universal Declaration of Human Rights, the Fundamental Conventions of the International Labour Organization and the Ethical Trading Initiative Base Code. Burberry is proud to be an accredited UK Living Wage employer.[^]

The majority of Burberry products are made in Europe, with Italy being the largest individual sourcing country, whilst the iconic Heritage trench coat is manufactured in England and the Heritage cashmere scarf in Scotland.

Burberry’s Ethical Trading Programme drove improvements in its supply chain through a number of engagement activities. These included announced and unannounced audits, monitoring, improvement programmes and a confidential worker hotline in local languages.

Number of training and engagement activities

205[^]

2014/15	205 [^]
2013/14	142
2012/13	384

Improvement programmes were designed to address specific challenges with individual factories, for example by working to reduce working hours and building human resources management systems.[^] For case studies and information on current projects see www.burberryplc.com/corporate_responsibility.

Where access to grievance mechanisms was a particular challenge, worker hotlines have helped to improve communication channels between workers and factory management. Over 15,000 workers across 54 factories were provided with access to a confidential NGO- (non-governmental organisation) run hotline during the year.[^]

Burberry also deepened its focus into the Company’s supply chain to enable its activities to reach more workers. In partnership with the sourcing and product development teams, Burberry extended its ethical trading activities to include key raw material suppliers and incorporated its Beauty suppliers into the global Ethical Trading Programme, the majority of which are located in France and Italy.

[^] Selected information denoted by this symbol has received limited assurance by Ernst & Young LLP. See page 41 for further information.

Strategic Report – Burberry Impact

As the Ethical Trading Programme has evolved, the Company has focused on how it can make the most meaningful, positive impacts on the lives of people throughout its supply chain rather than increasing the number of audits. Auditing remains, however, an important tool to help Burberry and its manufacturers identify areas that are in need of improvement. As measured through the audit programme, this year Burberry recorded an overall positive shift in supply chain ethical trading performance of its strategic suppliers and their subcontractors, representing 60% of the supply chain.[^]

Number of audits and assessments

541[^]



Burberry has also focused on formalising the integration of ethical trading activities into its sourcing functions. The Supply Chain Impact Committee is responsible for delivering improvements in the supply chain with the support of the Ethical Trading team.[^] The Sourcing team has also started to integrate ethical trading into performance objectives both at a team and individual level.[^]

Burberry believes that improving workers' working conditions is integral to its supply chain performance. To achieve this, Burberry continued to invest time and resources to sustain its long-standing strategic partnerships with its key suppliers, with the aim of ensuring their resilience and sustainability as they provide the Company with important technical knowledge, expertise and unique product capability.

Leveraging these partnerships, the Supply Chain team has worked with its strategic partners to identify key Burberry Impact targets to focus on. These range from energy use reduction through to supplier ownership, which is a programme to support suppliers in managing social and environmental standards within their own supply chains.[^]

Human Rights statement

Burberry recognises its responsibility to respect human rights wherever it operates and has conducted a materiality analysis to identify its principal human rights impacts. The Company believes that these impacts arise in relation to its own workforce, its supply chain and communities, and its customers. Burberry's Human Rights Policy sets out the Company's commitments to respecting these stakeholders' human rights. The Policy is informed by the International Bill of Human Rights and reflects the UN Guiding Principles on Business and Human Rights framework to Protect, Respect and Remedy. Responsibility for the Policy lies with Burberry's Chief Creative and Chief Executive Officer.

Burberry has an established global team who work to promote human rights and good labour practices in the Burberry workplace as well as in the Company's supply chain as identified and prioritised through Human Rights Impact Assessments.[^] Burberry has established grievance mechanisms, including hotlines in its supply chain where local labour laws are weak, absent or poorly enforced, as well as globally for its own employees.[^]

Strategic Report – Burberry Impact

Environmental sustainability

Burberry has a strong commitment to reducing its environmental impact globally and has an active programme dedicated to reducing the impact of its supply chain and internal operations. All of the targets are based on the results of the 2012 independent baseline assessment of Burberry's environmental impacts arising from materials, energy, water, chemical inputs and waste measured in CO₂e. Focused on resource efficiency and mitigating climate change, all 15 environmental targets are owned and monitored by members of the Senior Leadership Team.

	2017 Targets	Progress
Product Burberry continues to invest in the design and quality of every product, and is committed to dramatically reducing the impact of its products.	<u>Raw materials</u> [^] Reduce the environmental impact of Burberry's four key raw materials:	
	• Cotton	●
	• Leather	●
	• PVC	●
	• Cashmere (new target)	–
	<u>Chemical use in manufacturing</u> Eliminate chemicals from use that have a negative impact on the environment, beyond legal limits	●
	<u>Packaging</u> 100% of point of sale packaging to be sustainably sourced (where alternatives are available)	○
Process Burberry is committed to ensuring its future resilience by integrating sustainability decisions across the business and collaborating with suppliers.	<u>Internal Manufacturing</u> [^] Reduce the energy use from Burberry's two UK manufacturing sites by 25%*	●
	<u>Suppliers</u> Work with key suppliers to assist them in reducing their energy use by up to 20%*	●
	<u>Mills</u> Work with key mills to assist them to reduce their water consumption by up to 20%*	●
	<u>Transport</u> [^] Reduce carbon emissions from the transport of Burberry products by 10%*	●
	<u>Distribution centres</u> [^] Reduce energy use in Burberry's five third party distribution centres by 10%*	○

Progress

○ Ahead of plan ● On plan ● Behind plan

* When normalised by a relevant productivity factor.

Strategic Report – Burberry Impact

	2017 Targets	Progress
Property Burberry continues to expand its global footprint in existing and new markets to enable the growth of the business, and is committed to minimising the impact of this expansion.	<u>Energy use reduction</u> Reduce Burberry controlled store and office energy usage by up to 15%*	●
	<u>Sustainable consumables</u> 60% of office consumables to be sustainably sourced (where available)	●
	<u>Renewable energy</u> All Burberry controlled stores and offices to be powered either by on site or green tariff renewable energy (where available)	●
	<u>Build certifications</u> All new builds will be sustainable build certified LEED (silver), BREEAM (very good) or Greenmark (silver)	●
	<u>Sustainable construction materials</u> 30% of wood by spend is either recycled materials or sourced from certified supply chains	●
	<u>Construction waste recycling[^]</u> 30% of construction waste to be recycled for global major projects	○
	<u>LED lighting[^]</u> 75% of lighting is LED or energy efficient in new concept stores	○

For those targets that are 'behind plan', action plans are in place to drive further progress. For additional information on performance against the above targets and related action plans see www.burberryplc.com.

Energy and global greenhouse gas emissions data

(Year to 31 March)

Emissions from:	Current reporting year FY15	Comparison year FY14	Comparison year FY13
Combustion of fuel and operation of facilities (Scope 1) (Kg CO ₂ e)	1,661,533 [^]	1,777,714	1,734,580
Electricity, heat, steam and cooling purchased for own use (Scope 2) (Kg CO ₂ e)	42,131,756 [^]	40,285,055	35,404,754
Total emissions (Scope 1 & 2) (Kg CO ₂ e)	43,793,289 [^]	42,062,769	37,139,334
Intensity measurement (Kg CO ₂ e per £1,000 sales revenue)	17 [^]	18	19
Renewable energy produced on site (KWH)	1,247,270	–	–

Note:

Burberry applies an operational control approach to defining its organisational boundaries. Data is reported for sites where it is considered that Burberry has the ability to influence energy management. Data is not reported for sites where Burberry has a physical presence, but does not influence the energy management for those sites, such as a concession within a department store. Overall, the emissions inventory reported equates to 94%[^] of our sq.ft (net selling space). We use the Greenhouse Gas Protocol to estimate emissions and apply conversion factors from DEFRA and IEA guidance. All material sources of emissions are reported. Refrigerant gases and fuels consumed in Company vehicles were deemed not material and are not reported. Burberry have updated greenhouse gas data for 2012/13 and 2013/14 to account for improvements in data availability and estimation methods. Further detail is within our basis of reporting.

External assurance and performance indicators

Burberry appointed Ernst & Young LLP to provide limited external assurance over selected statements and 2014/15 performance data. The statements and data that formed part of the review are denoted with a [^]. See the full independent assurance statement and Burberry's basis of reporting at www.burberryplc.com.

Strategic Report**PERFORMANCE**

43 Group Financial Review

The following pages set out the highlights of the Group financial performance during the year to 31 March 2015 and the outlook for the coming financial year.

Strategic Report – Performance

GROUP FINANCIAL REVIEW

Revenue

(2014: £2,330m)

£2,523M**Retail revenue**

(2014: £1,623m)

£1,807M**Adjusted profit before tax**

(2014: £461m)

£456M**Year end net cash**

(2014: £403m)

£552M**Adjusted diluted earnings per share**

(2014: 75.4p)

76.9P**Full year dividend per share**

(2014: 32.0p)

35.2P

£ million	Year to 31 March		% change	
	2015	2014	reported FX	underlying
Revenue	2,523.2	2,329.8	8	11
Cost of sales	(757.7)	(671.3)	(13)	
Gross margin	1,765.5	1,658.5	6	
Operating expenses [#]	(1,310.3)	(1,198.2)	(9)	
Adjusted operating profit	455.2	460.3	(1)	7
Net finance credit [#]	0.6	0.7	–	
Adjusted profit before taxation	455.8	461.0	(1)	7
Adjusting items	(11.2)	(16.6)		
Profit before taxation	444.6	444.4	–	
Taxation	(103.5)	(112.1)		
Non-controlling interest	(4.8)	(9.8)		
Attributable profit	336.3	322.5		
Adjusted EPS (pence)[~]	76.9	75.4	2	
EPS (pence) [~]	75.1	72.1	4	
Weighted average number of ordinary shares (millions) [~]	447.8	447.3		

Underlying performance is presented in this financial review as, in the opinion of the Directors, it provides additional understanding of the ongoing performance of the Group. Underlying performance is calculated before adjusting items and removes the effect of changes in exchange rates compared to the prior period. This takes into account both the impact of the movement in exchange rates on the translation of overseas subsidiaries' results and also now on foreign currency procurement and sales through the Group's UK supply chain.

Adjusted measures exclude adjusting items. Details of adjusting items are contained in note 6 of the financial statements.

Excludes adjusting items, which are:

- A charge of £14.9m in reported operating expenses being the amortisation of the fragrance and beauty licence intangible asset (2014: £14.9m)
- Put option liability finance income of £3.7m in the reported net finance income relating to the third party 15% economic interest in the Chinese business (2014: a charge of £1.7m)

~ EPS is presented on a diluted basis

Strategic Report – Performance

Revenue analysisRevenue by channel

£ million	Year to 31 March		% change	
	2015	2014	reported FX	underlying
Retail	1,807.4	1,622.6	11	14
Wholesale	648.1	628.0	3	6
Licensing	67.7	79.2	(14)	–
Revenue	2,523.2	2,329.8	8	11

Retail

71% of revenue (2014: 70%); with 214 mainline stores, 213 concessions within department stores, digital commerce and 57 outlets.

- Retail sales up 14% underlying; up 11% at reported FX.
- Comparable sales up 9% (H1: 10%; H2: 9%).
- New space contributed the balance of growth (5%).
- Digital outperformed in all regions.

The 9% comparable sales growth was broadly evenly balanced between halves, but reflected differing regional trends. Americas delivered consistent double-digit percentage growth throughout the year, while growth in EMEIA improved in the second half and Asia Pacific slowed, impacted by the disruption in Hong Kong.

In-store, footfall declined but was offset by improved conversion and higher average transaction values. Online, mobile doubled its share of revenue in the year, following the launch of an upgraded mobile platform in the second half of the year.

In mainline retail, comparable sales growth was relatively balanced between womens, mens and accessories. Replenishment product outperformed, with strength from the heritage trench coat and cashmere scarves.

Asia Pacific

With retail accounting for over 85% of revenue in Asia Pacific, comparable sales growth was mid single-digit percentage for the year. Within this, China and South Korea grew by a high and mid single-digit percentage respectively and Burberry's directly-operated stores in Japan delivered about 30% growth. Hong Kong, a high margin market, while positive for the year, decelerated to a mid single-digit percentage decline in the second half as footfall was significantly impacted by the disruption in the third quarter.

A net 14 mainline stores and concessions were closed during the year (13 openings and 27 closures), reflecting continued evolution of the store portfolio particularly in China and South Korea.

Europe, Middle East, India and Africa (EMEIA)

Retail accounted for over 65% of revenue with double-digit percentage comparable sales growth for the year, strengthening in the second half in major markets. For the year, growth was robust in France, Germany and Italy. About half of mainline transactions in EMEIA were to travelling luxury customers, with growth coming from both this group and domestic customers.

A net two stores and concessions were added during the year (12 openings, ten closures), including six openings in key European airports (Barcelona, two in London, Madrid, Milan and Rome) and four concessions in the Middle East as the store portfolio was elevated.

*Strategic Report – Performance*Americas

About 65% of Americas revenue came from retail, with double-digit comparable sales growth during the year evenly balanced between halves. Domestic customers still account for about 90% of transactions.

The number of mainline stores in the Americas was unchanged year-on-year at 78. Openings included a flagship in Rodeo Drive, Los Angeles and a store in the Miami Design District, while Burberry also refurbished its San Francisco store.

Wholesale

26% of revenue (2014: 27%); generated from sales of apparel and accessories to department stores, multi-brand specialty accounts, franchise stores and travel retail; as well as Beauty to around 80 distributors worldwide.

- Wholesale revenue up 6% underlying, up 3% at reported FX.
- Excluding Beauty, wholesale revenue up 1% underlying, down 2% at reported FX.
- Beauty wholesale revenue was £175m, up 25% underlying, in line with guidance.
- At 31 March 2015, Burberry had 67 franchise stores globally, a net decrease of three during the year.

During the first half of the year wholesale revenue, excluding Beauty, increased by 5% underlying. This was led by strong growth in Asia Pacific, specifically travel retail, partly offset by the impact of ongoing strategic initiatives, such as conversion from wholesale to retail and account rationalisation concentrated in Europe and in North America.

During the second half of the year, revenue was down 3% underlying, reflecting cautious ordering from customers selling to the European consumer and in Asian travel retail markets. Revenue in the Americas was broadly unchanged.

The regional review below excludes Beauty.

Asia Pacific

Asia Pacific, which is predominantly travel retail, experienced mid single-digit percentage underlying revenue growth for the year. Growth was weighted to the first half, with a mid single-digit percentage underlying decline in the second half.

Europe, Middle East, India and Africa

EMEA is the Group's largest wholesale region at around 45% of the Group total. Revenue for the year was unchanged underlying with account rationalisation and the termination of Burberry's Russian franchise operation (closing five franchise stores as the business moves to direct operation) offsetting growth from key strategic accounts.

Americas

The Company continued to refine its wholesale presence in the Americas with the conversion of the Holt Renfrew business in Canada to retail concessions in February 2014 and the withdrawal of menswear from brand inappropriate locations in the United States. Excluding these factors, there was mid single-digit percentage growth underlying, with a strong brand performance on wholesale partners' digital commerce sites.

Beauty

Beauty wholesale revenue increased by 25% underlying, in line with guidance (up 21% at reported FX). My Burberry, the iconic womens fragrance, was successfully launched in September. The marketing campaign also featured Burberry's Heritage trench coats, providing a halo benefit to the wider business and further reinforcing the brand message.

Licensing

3% of revenue (2014: 3%); of which about 80% was from Japan, with the balance from global product licences (eyewear and watches) and European wholesale childrenswear.

- Licensing revenue unchanged underlying (down 14% at reported FX).
- In line with full year guidance.

Royalty income from Japan was £53m, broadly unchanged year-on-year underlying. Income from the main apparel licence increased slightly, reflecting higher minimum payments, offset by the planned downsizing of the remaining short-term licences.

Combined, income from eyewear and watches was broadly unchanged underlying, reflecting phasing and the elevation of watch distribution. The launch of the Trench eyewear collection in September, planned to coincide with the My Burberry and Heritage launch, was the Company's most successful to date.

Strategic Report – Performance

Operating profit analysis

Adjusted operating profit

£ million	Year to 31 March		% change	
	2015	2014	reported FX	underlying
Retail/wholesale	399.2	393.5	1	8
Licensing	56.0	66.8	(16)	1
Adjusted operating profit	455.2	460.3	(1)	7
Adjusted operating margin	18.0%	19.8%		

Adjusted operating profit increased by 7% underlying, down 1% at reported FX, including a £38m adverse exchange rate impact.

Adjusted retail/wholesale operating profit

£ million	Year to 31 March		% change
	2015	2014	reported FX
Revenue	2,455.5	2,250.6	9
Cost of sales	(757.7)	(671.3)	(13)
Gross margin	1,697.8	1,579.3	8
Gross margin	69.2%	70.2%	
Operating expenses	(1,298.6)	(1,185.8)	(10)
Adjusted operating profit	399.2	393.5	1
Operating expenses as % of revenue	52.9%	52.7%	
Adjusted operating margin	16.3%	17.5%	

Adjusted retail/wholesale operating profit was £399m in FY 2015, up 8% at constant exchange rates and 1% at reported FX. The adverse impact of exchange rate movements reduced revenue by £60m and profit by £26m in the year. Operating margin was 16.3%, or 16.9% at constant exchange rates.

Gross margin was 69.2%, down 100 basis points. This reflected the negative impact of exchange rate movements, the one-off inventory cost discussed at the interim results relating to a previous fragrance launch, as well as various mix and other factors, including an adverse regional mix shift in the second half, reflecting the slowdown in Hong Kong, a high margin market.

The operating expense to sales ratio was 52.9%, up 20 basis points compared to the prior year. A modest benefit from operating leverage and tight cost control was more than offset by the adverse impact of exchange rate movements.

About half of the underlying absolute increase in expenses came from general inflation and net new space, with the balance including volume-related costs and increased investment in areas such as marketing and technology, which supported revenue growth.

Licensing operating profit

£ million	Year to 31 March		% change
	2015	2014	reported FX
Revenue	67.7	79.2	(14)
Cost of sales	-	-	-
Gross margin	67.7	79.2	(14)
Gross margin	100%	100%	
Operating expenses	(11.7)	(12.4)	6
Operating profit	56.0	66.8	(16)
Operating margin	82.7%	84.3%	

The effective yen rate moved from £1:Yen137 in FY 2014 to £1:Yen164 in FY 2015, reducing reported licensing operating profit by £11.5m. With a small decrease in allocated operating expenses, licensing profit was £56.0m, broadly unchanged underlying, down 16% at reported FX.

*Strategic Report – Performance***Adjusting items**

£ million	Year to 31 March	
	2015	2014
Amortisation of fragrance and beauty licence intangible	(14.9)	(14.9)
China put option liability finance income/ (charge)	3.7	(1.7)
	(11.2)	(16.6)

The charge of £14.9m related to the amortisation of the fragrance and beauty licence intangible asset of £70.9m, which was recognised in FY 2013. This asset will be amortised on a straight line basis over the period 1 April 2013 to 31 December 2017.

The China put option liability finance income of £3.7m related to fair value movements, including the discount unwind, on the put option liability over the non-controlling interest in the acquired Chinese business.

Taxation

The tax rate on adjusted profit in FY 2015 was 23.4% (2014: 24.7%), largely reflecting the lower UK corporation tax rate.

The tax charge of £103.5m (2014: £112.1m) resulted in an effective tax rate on reported profit of 23.3% (2014: 25.2%). Tax on exceptional items has been recognised as appropriate.

Total tax contribution

The Group makes a significant economic contribution to the countries where it operates through taxation, either borne by the Group or collected on behalf of and paid to the relevant tax authorities. In FY 2015, the total taxes borne and collected by the Group in the UK and overseas amounted to £405.0m. In the UK, where the Group is headquartered and has significant operations, Burberry paid business taxes of £88.3m and collected a further £42.7m of taxes on behalf of the UK Exchequer. For further information see www.burberryplc.com.

Net cash

Cash generated from operating activities was £568m, 6% higher than last year, reflecting tight control of working capital. Capital expenditure was £156m, lower than guidance, largely reflecting the phasing of new projects. Other major outflows were tax of £114m and dividends of £145m.

Net cash at 31 March 2015 was £552m, an increase of £150m year-on-year. Taking into account lease commitments, lease-adjusted net debt, which is calculated as five times the annual minimum lease charge, less net cash, increased slightly during the year to £402m (2014: £380m). At constant exchange rates, inventory was broadly unchanged year-on-year, compared to 14% retail and 6% wholesale revenue growth. Inventory at 31 March 2015 was £437m (2014: £420m).

Outlook

Retail In FY 2016, net new space is expected to contribute low single-digit percentage growth to total retail revenue, with 15-20 mainline store openings and a similar number of closures.

Wholesale Burberry expects total wholesale revenue at constant exchange rates to be broadly unchanged in the six months to 30 September 2015 (2014: £317m). Excluding Beauty, wholesale revenue is expected to be down by a low single-digit percentage.

For Beauty, wholesale revenue in FY 2016 is expected to grow by 10-15% at constant exchange rates, with additional contributions from retail and digital channels.

Strategic Report – Performance

Retail/wholesale profit In FY 2016, if exchange rates* remain at current levels, current expectations for FY 2016 reported retail/wholesale profit would be about £10m higher than at FY 2015 rates. This is a decrease of about £40m since the guidance given at the Second Half Trading Update in April 2015, reflecting the movement in exchange rates.

For FY 2016 retail/wholesale operating margin, the Company currently expects the benefit from FX and tight cost control to be offset by geographic and channel mix and continued investment in the business.

Licensing Total licensing revenue for FY 2016 is planned to be down by about 40% at constant exchange rates (2015: £68m), due to the expiry of the Japanese licences. For FY 2016, Burberry expects double-digit percentage growth from the global product licences and about £25m revenue from Japan, as previously guided. The latter comprises income from the existing licences, including the orderly transition and exit of local licensed product and the first income from the new Blue/Black Label licence.

At current exchange rates*, the impact of the movement in the sterling/yen rate on reported licensing revenue in FY 2016 is not expected to be material.

Group adjusted PBT In FY 2016, the Company expects Group adjusted PBT at constant exchange rates to be more second-half weighted than in FY 2015.

Tax rate The tax rate on adjusted profit for FY 2016 is currently expected to be about 23%.

Capital expenditure Spend of about £180m is planned in FY 2016.

* Effective rates as at 14 May 2015, taking into account the current hedged positions

Store portfolio

	Directly-operated stores				Franchise stores
	Stores	Concessions	Outlets	Total	
At 31 March 2014	215	227	55	497	70
Additions	16	12	3	31	5
Closures	(17)	(26)	(1)	(44)	(8)
At 31 March 2015	214	213	57	484	67

Store portfolio by region

	Directly-operated stores				Franchise stores
	Stores	Concessions	Outlets	Total	
At 31 March 2015					
Asia Pacific	63	143	13	219	12
EMEIA	73	62	24	159	49
Americas	78	8	20	106	6
Total	214	213	57	484	67



BOARD AND GOVERNANCE



50 Board of Directors

*Board and Governance – Board of Directors***BOARD OF
DIRECTORS****Chairman**Sir John Peace (66)[†]*Chairman*

Sir John Peace became Chairman of the Board in June 2002 and is also Chairman of the Nomination Committee. He is Chairman of Standard Chartered PLC. Previously he was Chairman of Experian plc from 2006 to 2014 and Group Chief Executive of GUS plc from 2000 to 2006. Sir John is Lord-Lieutenant of Nottinghamshire and was knighted in 2011 for services to business and the voluntary sector.

Executive directorsChristopher Bailey (44)*Chief Creative and Chief Executive Officer*

Christopher Bailey became Chief Creative and Chief Executive Officer in May 2014 having previously served as Chief Creative Officer since 2009. Christopher joined as Design Director in May 2001. Prior to working at Burberry, Christopher was the Senior Designer of Womenswear at Gucci in Milan from 1996 to 2001. From 1994 to 1996 he was the Womenswear Designer at Donna Karan.

Carol Fairweather (54)*Chief Financial Officer*

Carol Fairweather became Chief Financial Officer in July 2013 having joined Burberry in June 2006. She previously held the position of Senior Vice President, Group Finance. Prior to joining Burberry, Carol was Director of Finance at News International Limited from 1997 to 2005 and UK Regional Controller at Shandwick plc from 1991 to 1997.

John Smith (57)*Chief Operating Officer*

John Smith became Chief Operating Officer in March 2013, having previously been a non-executive director from December 2009. John was Chief Executive of BBC Worldwide from 2004 to 2012. John joined the BBC in 1989, where he held the positions of Chief Operating Officer, Director of Finance, Property & Business Affairs and Finance Director. He previously served as a non-executive director of Severn Trent plc and Vickers PLC, and on the Accounting Standards Board from 2001 to 2004.

Non-executive directorsFabiola Arredondo (48)^{*††}*Non-executive director*

Fabiola Arredondo was appointed as a non-executive director in March 2015. Fabiola is currently the Managing Partner of Siempre Holdings, a private investment firm based in Connecticut, US. She is also a non-executive director of Experian plc, Rodale Inc., NPR Inc. (National Public Radio), the World Wildlife Fund (US), and a trustee of Sesame Workshop. Prior to Siempre Holdings, Fabiola held senior operating roles at Yahoo! Inc, the BBC and Bertelsmann AG. She has also previously served as a non-executive director of Saks Incorporated, Intelsat Inc., BOC Group plc, and Bankinter S.A.

Philip Bowman (62)^{*††}*Senior Independent Director*

Philip Bowman was appointed as a non-executive director in June 2002 and is the Senior Independent Director and Chairman of the Audit Committee. Philip is Chief Executive of Smiths Group plc. He previously held the positions of Chief Executive at Scottish Power plc and Chief Executive at Allied Domecq plc. His earlier career included five years as a director of Bass plc. He was previously Chairman of Liberty plc and Coral Eurobet plc and a non-executive director of Scottish & Newcastle plc and British Sky Broadcasting Group plc.

Ian Carter (53)^{*††}*Non-executive director*

Ian Carter was appointed as a non-executive director in April 2007 and is Chairman of the Remuneration Committee. He is President of Hilton Worldwide Global Development and Chairman of Del Frisco's Restaurant Group, Inc. Previously Ian was CEO of Hilton International Company and Executive Vice President of Hilton Hotels Corporation, and a director of Hilton Group plc until the acquisition of Hilton International by Hilton Hotels Corporation in February 2006. He previously served as an Officer and President of Black & Decker Corporation between 2001 and 2004.

Board and Governance – Board of Directors

Jeremy Darroch (52)**†

Non-executive director

Jeremy Darroch was appointed as a non-executive director in February 2014. He is Chief Executive Officer of Sky plc, a position he has held since 2007 having joined the company as Chief Financial Officer in 2004. Prior to Sky, Jeremy was Group Finance Director of DSG International plc (formerly Dixons Group plc) and spent 12 years at Procter & Gamble in a variety of roles in the UK and Europe. Jeremy also previously served as a non-executive director and Chairman of the Audit Committee of Marks and Spencer Group plc.

Stephanie George (58)**†

Non-executive director

Stephanie George was appointed as a non-executive director in March 2006. She is Vice Chairman of Fairchild Fashion Media Inc (parent of Women's Wear Daily) and also sits on the Board of Lincoln Center. Previously Stephanie was Executive Vice President and Chief Marketing Officer at Time Inc. Before this, Stephanie spent 12 years at Fairchild Publications.

Matthew Key (52)**†

Non-executive director

Matthew Key was appointed as a non-executive director in September 2013. Matthew is a non-executive director of Orbit Showtime Network, a leading multi-platform pay TV network in the Middle East and North Africa. Previously he was Chairman and Chief Executive Officer of Telefónica Digital, the global innovation arm of Telefónica. He also previously served as Chairman and CEO of Telefónica Europe plc (formerly O2 plc), Chief Executive Officer and Chief Financial Officer of O2 UK, and Chief Financial Officer for Vodafone UK. Prior to this, he held various financial positions at Kingfisher plc, Coca-Cola & Schweppes Beverages Limited and Grand Metropolitan Plc. Matthew is also Chairman of the Dallaglio Foundation, which is a charity focused on disengaged youth.

Carolyn McCall (53)**†

Non-executive director

Carolyn McCall was appointed as a non-executive director in September 2014. Carolyn is Chief Executive of easyJet plc, a position she has held since July 2010. Prior to easyJet, Carolyn held a number of roles at Guardian Media Group plc including Chief Executive from 2006 to 2010. She has also previously served as a non-executive director of Lloyds TSB, Tesco PLC and New Look plc. Carolyn was awarded the OBE for services to women in business in the Queen's Birthday Honours List in June 2008. In January 2014, Prime Minister David Cameron appointed Carolyn as a UK Business Ambassador.

David Tyler (62)**†

Non-executive director

David Tyler was appointed as a non-executive director in June 2002, having been a director of the Company since 1997. He is currently Chairman of J Sainsbury plc and Chairman of Hammerson plc. David was Group Finance Director of GUS plc from 1997 until its demerger in October 2006, Chairman of Logica plc from 2007 to 2012 and Chairman of 3i Quoted Private Equity plc from 2007 to 2009. He was a non-executive director of Experian plc from 2006 to 2012 and Reckitt Benckiser Group plc from 2007 to 2009. Earlier in his career, David worked at Unilever plc, County NatWest Limited and Christie's International plc.

Key to membership of committees

- * Audit Committee
- † Nomination Committee
- ‡ Remuneration Committee



Back row: Ian Carter, David Tyler, Stephanie George, Matthew Key, Carol Fairweather, John Smith, Fabiola Arredondo, Philip Bowman
Front row: Jeremy Darroch, Christopher Bailey, Sir John Peace, Carolyn McCall



Disclaimer

The Annual Review does not constitute a strategic report for the purposes of the Companies Act 2006. A copy of the full Burberry Group plc Annual Report and Accounts 2014/15 is available for download at www.burberryplc.com.

The Annual Review contains certain statements that are forward-looking statements. They appear in a number of places throughout this document and include statements regarding our intentions, beliefs or current expectations and those of our officers, directors and employees concerning, amongst other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the business we operate. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this document and unless otherwise required by applicable law the Company undertakes no obligation to update or revise these forward-looking statements. Nothing in this document should be construed as a profit forecast. The Company and its directors accept no liability to third parties in respect of this document save as would arise under English law. This document does not constitute an invitation to underwrite, subscribe for or otherwise acquire or dispose of any Burberry Group plc shares, in the UK, or in the USA, or under the USA Securities Act 1933 or any other jurisdiction.

[Introduction](#)

[Burberry Group
Overview](#)

[Core
Strategies](#)

[Burberry
Impact](#)

[Performance](#)

[Board and
Governance](#)

